

**AN ORDINANCE AMENDING ORDINANCE NO. 83735 WHICH AUTHORIZED THE ISSUANCE OF "CITY OF SAN ANTONIO, TEXAS HOTEL OCCUPANCY TAX REVENUE BONDS, SERIES 1996"; APPROVING AN AMENDMENT TO THE MASTER REPURCHASE RESERVE FUND AGREEMENT, AND ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE**

WHEREAS, the City of San Antonio, Texas (the "City") is authorized, pursuant to Chapter 351, as amended, Texas Tax Code, and other applicable laws, to issue obligations to finance and refinance the costs of expanding its Convention Center; and

WHEREAS, the City is an "eligible central municipality" as defined in Section 351.001(7), as amended, Texas Tax Code, and pursuant to Section 351.1065, as amended, Texas Tax Code, imposes a municipal hotel occupancy tax at the rate of 9%; and

WHEREAS, the City has heretofore issued, sold, and delivered, and there is currently outstanding obligations designated as the "City of San Antonio, Texas Hotel Occupancy Tax Revenue Bonds, Series 1996", dated March 1, 1996 (the "Bonds") pursuant to an ordinance adopted on March 14, 1996 (the "Original Ordinance") attached hereto as Exhibit A to finance improvements to the Convention Center which provides that the Bonds are payable solely by a lien on and pledge of certain hotel occupancy taxes designated as the "Pledged Revenues" in the Original Ordinance; and

WHEREAS, the Original Ordinance defined "Pledged Revenues" as (i) the revenues from the "Expansion HOT", plus (ii) revenues from the "Pledged General HOT", plus (iii) earnings of the investment of the "Expansion HOT Fund", the "Debt Service Fund", and the "Debt Service Reserve Fund"; and

WHEREAS, in 1996, Texas law limited the pledge of the "General HOT" to 75% of the General HOT collected by the City and the "Pledged General HOT" was limited in the Original Ordinance in compliance with Texas law; and

WHEREAS, Texas law has since been amended to permit the pledge of additional revenues from the General HOT to secure the Bonds and the City has been advised by its co-financial advisors that an amendment to the Original Ordinance to pledge these additional revenues to the payment of the debt service requirements on the Bonds, to permit a common reserve fund with respect to the Bonds and certain subordinate lien revenue bonds to be issued by the City, and to otherwise secure the Bonds would be in the financial interests of the City and the Owners of the Bonds; and

WHEREAS, the City Council has also determined that it is in the best interests of the City and the Owners of the Bonds, and will benefit the City and its citizens, to amend the Original Ordinance in the manner provided by this Ordinance and that such amendment is consistent with the provisions of Section 7.02 of the Original Ordinance; and

WHEREAS, the amendments authorized herein are permitted pursuant to the terms of the Original Ordinance without the consent of the Owners of the Bonds pursuant to Section 7.02(c), (e) and (f) of the Original Ordinance which permit an "amendment to grant to or confer upon the Owners of the Bonds any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Owners of the Bonds" and to amend provisions relating to the issuance of "Subordinate Lien Obligations" and pledge additional "Pledged Revenues" provided such amendment does not cause a reduction in any ratings of the Bonds without the consent of the Owners of the Bonds; and

WHEREAS, the amended definition of "Pledged Revenues" and providing a common reserve fund for the Bonds and the contemplated Subordinate Lien Obligations and limiting the amount of Additional Bonds that may be issued pursuant to the Original Ordinance will generally increase the security of the Bonds and, therefore, provide additional rights to the Owners of the Bonds and will not cause a reduction in the ratings assigned to the Bonds; and

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO THAT:

SECTION 1. All references in the Original Ordinance to "Pledged General HOT" are amended to refer to the "Pledged 5.25% HOT" and all references to "Pledged Account" are amended to refer to the "Pledged 5.25%Account".

SECTION 2. Section 1.01 of the Original Ordinance is amended to read as follows:

*"Common Reserve Fund Bonds"* means the Bonds, the Additional Bonds, and the City's obligations designated as (i) "City of San Antonio, Texas Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2004A", (ii) "City of San Antonio, Texas Hotel Occupancy Tax Subordinate Lien Revenue and Refunding Bonds, Series 2004B", and (iii) any series of additional subordinate lien revenue bonds determined by the City to be Common Reserve Fund Bonds, and (iv) any series of obligations issued on a parity with the foregoing.

*"Pledged 1.75% HOT"* means that portion of the General HOT which may be allocated pursuant to Section 351.103(b) of the HOT Act for purposes described in Section 351.101(a)(1), of the HOT Act, and which may not exceed 25% of the General HOT (or 1.75%) and which may be pledged as a first and prior lien for the payment of the Bonds and any Additional Bonds and a subordinate and inferior lien for the payment of any Subordinate Lien Obligations pursuant to Section 351.102 of the HOT Act.

*"Pledged 5.25% HOT"* means that portion of the General HOT which may be allocated pursuant to Section 351.103(b) of the HOT Act for purposes described in Section 351.101(a)(1), of the HOT Act, and which may not exceed 75% of the General HOT (or 5.25%) and which may be pledged to the payment of the Bonds and any Additional Bonds and a subordinate and inferior lien for the payment of any Subordinate Lien Obligations pursuant to Section 351.102 of the HOT Act.

*"Pledged Revenues"* means (i) a prior lien on the revenues from the Expansion HOT, plus, (ii) a prior lien on the revenues from the Pledged 1.75% HOT, plus (iii) a prior lien on the revenues from the Pledged 5.25% HOT, plus (iii) a prior lien on the earnings of the investment of the Pledged 1.75% Account and the Pledged 5.25% Account, the Debt Service Fund, and the Debt Service Reserve Fund.

*"Reserve Fund Requirement"* means the amount required to be maintained in the Debt Service Reserve Fund. Such amount shall be recomputed upon the issuance of each series of Common Reserve Fund Bonds to be the lesser of (i) 10% of the original principal amount of the Common Reserve Fund Bonds or (ii) the maximum annual Debt Service Requirements scheduled to occur in the then-current and each future Fiscal Year for all Common Reserve Fund Bonds then Outstanding, including any series of additional Common Reserve Fund Bonds then being issued or (iii) 125% of the average Debt Service Requirements scheduled to occur in the then-current and each future Fiscal Year for all Common Reserve Fund Bonds then Outstanding, including any series of additional Common Reserve Fund Bonds then being issued. The Reserve Fund Requirement shall be recomputed upon the issuance of each series of Common Reserve Fund Bonds. Any Variable Rate Obligations shall be assumed to bear interest at a tax-exempt municipal bond index rate available at the time of determining the Reserve Fund Requirement that is selected by the City which is acceptable to the Bond Insurer.

SECTION 3. Section 3.01 of the Original Ordinance is amended to read as follows:

SECTION 3.01 PLEDGE AND SOURCE OF PAYMENT. The Bonds shall constitute special obligations of the City that shall be payable from, and shall be equally and ratably secured by a first lien on, the Pledged Revenues. The Pledged Revenues, shall, in the manner herein provided, be set aside for and pledged to the payment of the Bonds and all expenses of providing for their full and timely payment in accordance with their terms, in the Debt Service Fund and the Debt Service Reserve Fund as hereinafter provided. Pursuant to applicable law, particularly Section 1201.044, as amended, Texas Government Code (formerly Section 12 of Article 717k-6, Vernon's Texas Civil Statutes, as amended), the City hereby grants a first lien on the Pledged Revenues and further grants a first lien on the Pledged 1.75% Account, the Pledged 5.25% Account, the Expansion HOT Fund, the Debt Service Fund, the Debt Service Reserve Fund (together with all earnings from the investment of such funds), to secure the payment of principal of and premium, if any, and interest on the Bonds. All Bonds shall be in all respects on a parity with and of equal dignity with one another. The owners of the Bonds shall never have the right to demand payment of the principal of, interest on, or any redemption premium on the Bonds out of any funds raised or to be raised by taxation other than the Pledged Revenues.

SECTION 4. Section 3.03(e) of the Original Ordinance is amended to add as follows:

(3) Pledged 1.75% Account of the General HOT Fund (the "Pledged 1.75% Account").

SECTION 5. Section 3.04 of the Original Ordinance is amended to read as follows:

(a) Expansion HOT. The City covenants and agrees that all revenues of the Expansion HOT shall be deposited as received in the Expansion HOT Fund and transferred on or before the last Business Day of each month to the following funds in the following order of priority:

(1) First, to the Debt Service Fund in the amounts and for the uses described in Section 3.05.

(2) Second, to the Debt Service Reserve Fund in the amounts and for the uses described in Section 3.06.

(3) Third, to the payment of any Subordinate Lien Obligations (including Reimbursement Obligations incurred in connection therewith), and reserve funds related thereto, as may be required by any ordinance authorizing the issuance of such Subordinate Lien Obligations.

(4) Fourth, to the Facilities Fund in the amounts and for the uses described in Section 3.08.

Notwithstanding the foregoing, as often as the City shall deem necessary, but at least once a month on or before the penultimate Business Day of each month, the City shall determine the amounts necessary from the Expansion HOT to satisfy the foregoing transfers, taking into consideration the money accumulated as of such date in the Debt Service Fund and the amount necessary to be transferred to the Debt Service Reserve Fund as required by Section 3.06(b) and (c). After making the aforementioned determination, in the event the revenues from the Expansion HOT are not sufficient to satisfy the payment obligations set forth in clauses First through Third above, the City shall retain in the Expansion HOT Fund any amount necessary (after taking into consideration any lawfully available revenues that may be utilized by the City to pay the debt service requirements on the Subordinate Lien Obligations issued to finance the hotel) for the timely payment of the debt service requirements on any Subordinate Lien Obligations issued to finance a hotel for the Convention Center, and, to the extent funds are available in the Expansion HOT Fund, shall first make transfers to the debt service fund and debt service reserve fund as required by any ordinance authorizing the Subordinate Lien Obligations issued to finance a hotel for the Convention Center. Any money remaining in the Expansion HOT Fund after such transfers and the retention for the payment of the Debt Service Requirements on the Bonds or any Subordinate Lien Obligations not issued for the hotel for the Convention Center may be transferred to the Facilities Fund to be used by the City for any lawful purpose. Any money retained in the Pledged 1.75% Account and the Pledged 5.25% Account for Debt Service Requirements on the Bonds needed for such purpose on any Transfer Date shall be immediately transferred to the Debt Service Fund on such Transfer Date.

(b) General HOT. The City covenants and agrees all revenues from the General HOT shall be deposited as received to the General HOT Fund and immediately allocated as follows: 25% of the General HOT revenues to the Pledged 1.75% Account and 75% of the General HOT revenues to the Pledged 5.25% Account.

(1) Money in the Pledged 1.75% Account must be used as follows:

First, to transfer all amounts to the Debt Service Fund required by ordinances authorizing the issuance of any Additional Bonds, including the Bonds, secured by a prior lien on and pledge of the Pledged 1.75% HOT;

Second, to transfer all amounts to the Debt Service Reserve Fund required by ordinances authorizing the issuance of any Additional Bonds, including the Bonds; secured by a prior lien on and pledge of the Pledged 1.75% HOT;

Third, to transfer all amounts to the Debt Service Fund required by ordinances authorizing the issuance of the Subordinate Lien Obligations; and

Fourth, to transfer all amounts to the Debt Service Reserve Fund required by ordinances authorizing the issuance of the Subordinate Lien Obligations.

(2) Money in the Pledged 5.25% Account may be used on a parity basis for the payment of the Bonds as described herein, and to restore the Debt Service Reserve Fund to the Reserve Fund Requirement as required by Section 3.06(b) and (c), and to make transfers to the General Account as hereinafter described. As often as the City shall deem necessary, but at least once a month on or before the penultimate Business Day of each month, the City shall determine the amounts necessary from the Pledged Revenues to pay the Bonds, taking into consideration the money accumulated as of such date in the Debt Service Fund and the amount necessary to be transferred to the Debt Service Reserve Fund as required by Section 3.06(b) and (c). After making the aforementioned determination, the City shall retain any amount necessary for the timely payment of the Debt Service Requirements on the Bonds in the Pledged 1.75% Account and the Pledged 5.25% Account, and, to the extent funds are available, shall make transfers to the Debt Service Reserve Fund as required by Section 3.06(b) or (c). Any money remaining in the Pledged 1.75% Account and the Pledged 5.25% Account after such transfers and the retention for Debt Service Requirements on the Bonds may be transferred to the General Account to be used by the City for any lawful purpose. Any money retained in the Pledged 1.75% Account and the Pledged 5.25% Account for Debt Service Requirements on the Bonds needed for such purpose on any Transfer Date shall be immediately transferred to the Debt Service Fund on such Transfer Date.

SECTION 6. Section 3.06 is amended to read as follows:

(a) The City shall establish and maintain as hereinafter provided a balance in the Debt Service Reserve Fund equal to the Reserve Fund Requirement for the Common Reserve Fund Bonds. The Reserve Fund Requirement shall initially be

funded at the time of issuance and delivery of each series of Common Reserve Fund Bonds from proceeds of the such bonds. The City may, however, substitute a Debt Service Reserve Fund Surety Bond for cash in the Debt Service Reserve Fund upon written notice to the Bond Insurer, if any.

(b) Each increase in the Reserve Fund Requirement resulting from the issuance of Common Reserve Fund Bonds shall be funded at the time of issuance and delivery of such series of Common Reserve Fund Bonds by either (i) depositing proceeds of such Common Reserve Fund Bonds or other lawfully available funds, including the Facilities Fund, in not less than an amount to fund the Reserve Fund Requirement upon the delivery of such Common Reserve Fund Bonds, (ii) to the extent permitted by applicable law, providing a Debt Service Reserve Fund Surety Bond sufficient to provide such portion of the Reserve Fund Requirement, or (iii) retaining revenues in the Debt Service Reserve Fund from the Pledged Revenues, or other lawfully available funds, in approximately equal monthly installments, over a period of time not to exceed 12 months from the date of delivery of such Common Reserve Fund Bonds to accumulate the Reserve Fund Requirement.

(c) If the Debt Service Reserve Fund contains less than the Reserve Fund Requirement for the Common Reserve Fund Bonds (or so much thereof as shall then be required to be therein if the City has elected to accumulate the Reserve Fund Requirement for any series of Common Reserve Fund Bonds as above provided) or in which the City is obligated to repay or reimburse any provider of a Debt Service Reserve Fund Surety Bond (in the event such Debt Service Reserve Fund Surety Bond is drawn upon), then such amounts as shall be necessary to reestablish in the Debt Service Reserve Fund the Reserve Fund Requirement and satisfy any repayment obligations to the issuer of any Debt Service Reserve Fund Surety Bond shall be transferred from the Pledged Revenues, or any other lawfully available funds, in 12 equal monthly installments. After such amount has been accumulated in the Debt Service Reserve Fund, and after satisfying any repayment obligation to any Debt Service Reserve Fund Surety Bond provider and so long thereafter as the Debt Service Reserve Fund contains the Reserve Fund Requirement and all such repayment obligations have been satisfied, no further transfers shall be required to be made, and any earnings on Debt Service Reserve Fund shall be transferred to the Debt Service Fund. But if and whenever the balance in the Debt Service Reserve Fund is reduced below the Reserve Fund Requirement or any Debt Service Reserve Fund Surety Bond repayment obligations arise, transfers to the Debt Service Reserve Fund shall be resumed and continued in the manner provided above to restore the Reserve Fund Requirement and to pay such reimbursement obligations.

(d) The following requirements must be met in the event the City desires to satisfy the Reserve Fund Requirement by a deposit of a Debt Service Reserve Fund Surety Bond (other than a credit instrument issued by the Bond Insurer) in lieu of cash:

(1) A Debt Service Reserve Fund Surety Bond in the form of a surety bond or insurance policy issued to the entity serving as Paying Agent/Registrar (the "Fiduciary"), as agent of the Bondholders, by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Common Reserve Fund Bonds (a "municipal bond insurer") may be deposited in the Debt Service Reserve Fund to meet the Reserve Fund Requirement if the claims paying ability of the issuer thereof shall be rated "AAA" by Moody's or "Aaa" by S&P.

(2) A Debt Service Reserve Fund Surety Bond in the form of a surety bond or insurance policy issued to the Fiduciary, as agent of the Bondholders, by an entity other than a municipal bond insurer may be deposited in the Debt Service Reserve Fund to meet the Reserve Fund Requirement if the form and substance of such instrument and the issuer thereof shall be approved by the Bond Insurer.

(3) A Debt Service Reserve Fund Surety Bond in the form of an unconditional irrevocable letter of credit issued to the Fiduciary, as agent of the Bondholders, by a bank may be deposited in the Debt Service Reserve Fund to meet the Reserve Fund Requirement if the issuer thereof is rated at least "AA" by S&P. The letter of credit shall be payable in one or more draws upon presentation by the beneficiary of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Common Reserve Fund Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify the City and the Fiduciary, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

If such notice indicates that the expiration date shall not be extended, the City shall deposit in the Debt Service Reserve Fund an amount sufficient to cause the cash or permitted investments on deposit in the Debt Service Reserve Fund together with any other qualifying credit instruments, to equal the Reserve Fund Requirement on all outstanding Common Reserve Fund Bonds, such deposit to be paid in equal installments on at least a semiannual basis over the remaining term of the letter of credit, unless the Debt Service Reserve Fund Surety Bond is replaced by a Debt Service Reserve Fund Surety Bond meeting the requirements in any of (i), (ii), or (iii) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. This Ordinance, in turn, directs the Fiduciary to draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Debt Service Reserve Fund is fully funded in its required amount.

(4) The use of any Debt Service Reserve Fund Surety Bond pursuant to this Section shall be subject to receipt of an opinion of counsel acceptable to the Bond Insurer and in form and substance satisfactory to the Bond Insurer as to the

due authorization, execution, delivery, and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such Debt Service Reserve Fund Surety Bond is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the Bond Insurer. In addition, the use of a Debt Service Reserve Fund Surety Bond in the form of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to the Bond Insurer and in form and substance satisfactory to the Bond Insurer to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against the issuer of the Common Reserve Fund Bonds (or any other account party under the letter of credit).

(5) The obligation to reimburse the issuer of a Debt Service Reserve Fund Surety Bond for any fees, expenses, claims, or draws upon a Debt Service Reserve Fund Surety Bond shall be subordinate to the payment of Debt Service Requirements on the Common Reserve Fund Bonds. The right of the issuer of a Debt Service Reserve Fund Surety Bond to payment or reimbursement of its fees and expenses shall be subordinated to cash replenishment of the Debt Service Reserve Fund, and, subject to the second succeeding sentence, its right to reimbursement for claims or draws shall be on a parity with the cash replenishment of the Debt Service Reserve Fund. The Debt Service Reserve Fund Surety Bond shall provide for a revolving feature under the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the Debt Service Reserve Fund Surety Bond to reimbursement will be further subordinated to cash replenishment of the Debt Service Reserve Fund to an amount equal to the difference between the full original amount available under the Debt Service Reserve Fund Surety Bond and the amount then available for further draws or claims. If (A) the issuer of a Debt Service Reserve Fund Surety Bond becomes insolvent, or (B) the issuer of a Debt Service Reserve Fund Surety Bond defaults in its payment obligations thereunder, or (C) the claims-paying ability of the issuer of the insurance policy or surety bond constituting a Debt Service Reserve Fund Surety Bond falls below a S&P "AAA" or a Moody's "Aaa" or (D) the ratings of the issuer of the letter of credit constituting a Debt Service Reserve Fund Surety Bond falls below a S&P "AA", the obligation to reimburse the issuer of the Debt Service Reserve Fund Surety Bond shall be subordinate to the cash replenishment of the Debt Service Reserve Fund.

(6) If (A) the revolving reinstatement feature described in the preceding paragraph is suspended or terminated, or (B) the ratings of the claims paying ability of the issuer of the surety bond or insurance policy constituting a Debt Service Reserve Fund Surety Bond falls below a S&P "AAA" or a Moody's "Aaa", or (C) the rating of the issuer of the letter of credit constituting a Debt



Service Reserve Fund Surety Bond falls below a S&P "AA", the City shall either (1) deposit into the Debt Service Reserve Fund an amount sufficient to cause the cash or permitted investments on deposit in the Debt Service Reserve Fund to equal the Reserve Fund Requirement on all outstanding Common Reserve Fund Bonds, such amount to be paid over the ensuing five years in equal installments deposited at least semiannually, or (2) replace such instrument with a surety bond, insurance policy, or letter of credit meeting the requirements in any of (i), (ii), or (iii) above within six months of such occurrence. In the event (A) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy constituting a Debt Service Reserve Fund Surety Bond falls below S&P "A" or (B) the rating of the issuer of the letter of credit constituting a Debt Service Reserve Fund Surety Bond falls below S&P "A" or (C) the issuer of the Debt Service Reserve Fund Surety Bond defaults in its payment obligations or (D) the issuer of the Debt Service Reserve Fund Surety Bond becomes insolvent, the City shall either (A) deposit into the Debt Service Reserve Fund an amount sufficient to cause the cash or permitted investments on deposit in the Debt Service Reserve Fund to equal to the Reserve Fund Requirement on all outstanding Common Reserve Fund Bonds, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (B) replace such instrument with a surety bond, insurance policy, or letter of credit meeting the requirements in any of (i), (ii), or (iii) above within six months of such occurrence.

(7) Where applicable, the amount available for draws or claims under the Debt Service Reserve Fund Surety Bond may be reduced by the amount of cash or permitted investments deposited in the Debt Service Reserve Fund pursuant to clause (C)(1) of the preceding subparagraph (vi).

(8) If the City chooses the above described alternatives to a cash-funded Debt Service Reserve Fund, any amounts owed by the City to the issuer of such Debt Service Reserve Fund Surety Bond as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of Debt Service Requirements required to be made pursuant to the Ordinance for any purpose, e.g., Additional Bonds test.

(9) The Fiduciary shall ascertain the necessity for a claim or draw upon the Debt Service Reserve Fund Surety Bond and provide notice to the issuer thereof in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the Debt Service Reserve Fund Surety Bond) prior to each interest payment date.

(10) Cash on deposit in the Debt Service Reserve Fund shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Debt Service Reserve Fund Surety Bond. If and to the extent that more than one Debt Service Reserve Fund Surety Bond is deposited in the Debt Service Reserve Fund, drawings thereunder and repayments

of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

(e) If as a result of valuation of investments, as described in Section 3.10, of the Debt Service Reserve Fund, the value of the Debt Service Reserve Fund does not equal the Reserve Fund Requirement, the City shall be required to replace such investments or transfer Pledged Revenues, or transfer from other lawfully available funds or money in the Pledged Account, to the Debt Service Reserve Fund, to bring the Debt Service Reserve Fund to the Reserve Fund Requirement over a 12-month period in equal monthly deposits.

(f) The Debt Service Reserve Fund shall be used to pay the principal of and interest on the Common Reserve Fund Bonds at any time when there is not sufficient money available in the Debt Service Fund for such purpose, and to make any payments required to satisfy repayment obligations to providers of Debt Service Reserve Fund Surety Bonds, and may be used to make the final payments for the retirement or defeasance of the Common Reserve Fund Bonds.

SECTION 7. Section 4.01 of the Original Ordinance is amended to add subparagraph (f) as follows:

(f) Notwithstanding the foregoing, the City will not issue Additional Bonds except for the purpose of refunding all or any part of the Outstanding Bonds which will result in a savings to the City.

SECTION 8. The City previously entered into a Master Repurchase Agreement, dated as of May 2, 1996, as amended (collectively, the "Master Repurchase Agreement"), with The Frost National Bank (the "Transfer Agent"), and Societe Generale, a French bank ("SocGen") acting through its New York Branch (the "Bank") whereby the Bank would provide the City with a specified rate of return on certain Invested Funds as defined in the Master Repurchase Agreement. The City, the Transfer Agent, and the Bank have agreed to amend the Master Repurchase Agreement to apply to Invested Funds available is to secure the Bonds and the issuance of obligations designated as the "City of San Antonio, Texas Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2004A" and "City of San Antonio, Texas Hotel Occupancy Tax Subordinate Lien Revenue and Refunding Bonds, Series 2004B", including any obligations issued on a parity therewith, such amendment attached hereto as Exhibit B, and is hereby approved by the City.

SECTION 9. Defined terms utilized herein and not defined shall have the meanings ascribed in the Original Ordinance.

SECTION 10. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the Council.

SECTION 11. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such

conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters resolved herein.

SECTION 12. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 13. If any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 14. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 15. The effective date of this Ordinance shall be governed by the provisions of Section 1-15 of the City's Code and the City's Home Rule Charter and this Ordinance shall become effective immediately upon its passage by eight affirmative votes, and it is so enacted.


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PASSED AND ADOPTED by an affirmative vote of 10 members of the City Council of the City of San Antonio, Texas, this the 3rd day of June, 2004.

CITY OF SAN ANTONIO

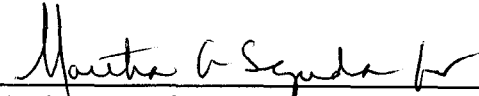
  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
Acting City Clerk

(CITY SEAL)

I, the undersigned, City Attorney of the City of San Antonio, Texas, hereby certify that I read, passed upon, and approved as to form the foregoing Ordinance prior to its adoption and passage as aforesaid.

  
\_\_\_\_\_  
Andrew Martin, City Attorney,  
City of San Antonio, Texas